

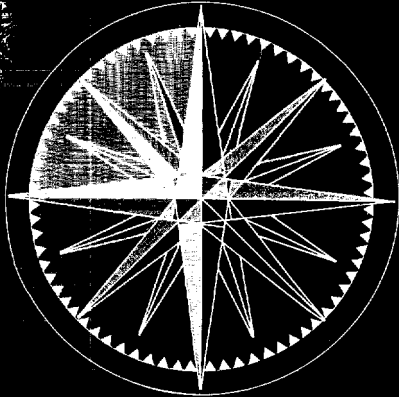
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SPECIAL REPORT

OFFICE OF CURRENT INTELLIGENCE

POLITICAL INSTABILITY IN ECUADOR

CENTRAL INTELLIGENCE AGENCY

MORI/CDF Pages 1-8

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3 May 1963

POLITICAL INSTABILITY IN ECUADOR

Ecuador's President Carlos Arosemena

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[redacted] is under continuous political attack from all sides. He now seems to stand little chance of extending his tenure beyond midyear. Since there is no alternative political leader acceptable both to a majority of Congress and to the military leaders, Arosemena is most likely to be replaced by a military junta. The Communists thus far have refrained from violence, but the political uncertainty and the prospect of Chinese Communist and Cuban aid may encourage them to launch an early campaign of terrorism.

Deterioration of Government

Arosemena took office in November 1961 following the overthrow of the corrupt administration of Jose Maria Velasco Ibarra. At the outset, Arosemena was enthusiastically supported by the leftists and was also backed, albeit grudgingly, by rightists and the military.

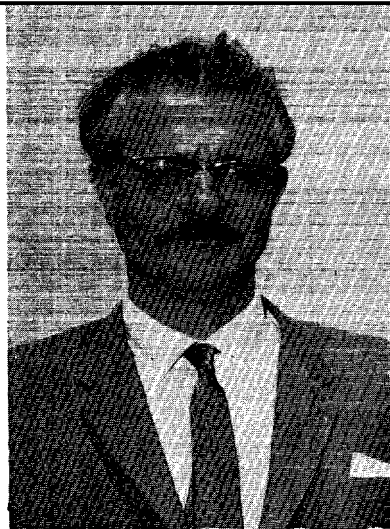
He quickly lost the support of the rightists, however, by his apparent efforts to placate the left. He then lost the support of the left by acceding to the military's demands to break diplomatic relations with Cuba. [redacted]

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Congressional efforts to remove Arosemena on grounds of physical disability (as allowed by the constitution)

have failed, largely because of widespread animosity to his constitutional successor, Vice President Reinaldo Varea Donoso.

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As late as the fall of 1962, military leaders were declaring that they would not permit an unconstitutional chief executive to take over the government. The military's insistence on constitutionality played a large part in forestalling the efforts of the Congress to impeach Arosemena. On the same grounds, the military have prevented Varela from seizing power without a congressional mandate. Recent statements by military leaders, however, indicate they may abandon their fetish for constitutionality.

Leading members of Congress are pushing for a special session in which to make a third attempt to impeach Arosemena. They may consider that their chances of success have improved. The only two political parties still cooperating with Arosemena's government are considering withdrawing from the cabinet. [REDACTED]

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[REDACTED]
and recent acts of terrorism by leftist extremists have lessened the widespread and long-standing dislike for military intervention. Military leaders, including some who owe their positions to Arosemena, reportedly are preparing to install a junta if Congress does not act swiftly.

It also appears that Cuban-backed revolutionaries are putting the finishing touches

on plans to launch insurgent activities. They claim to have received some support from Communist China and Cuba, and probably could begin guerrilla operations within a very short time--perhaps as early as mid-May.

Adding to the government's woes is a fast-approaching financial crisis. It has been estimated that by August the fiscal position will be so acute that the government will be unable to meet even its most urgent obligations.

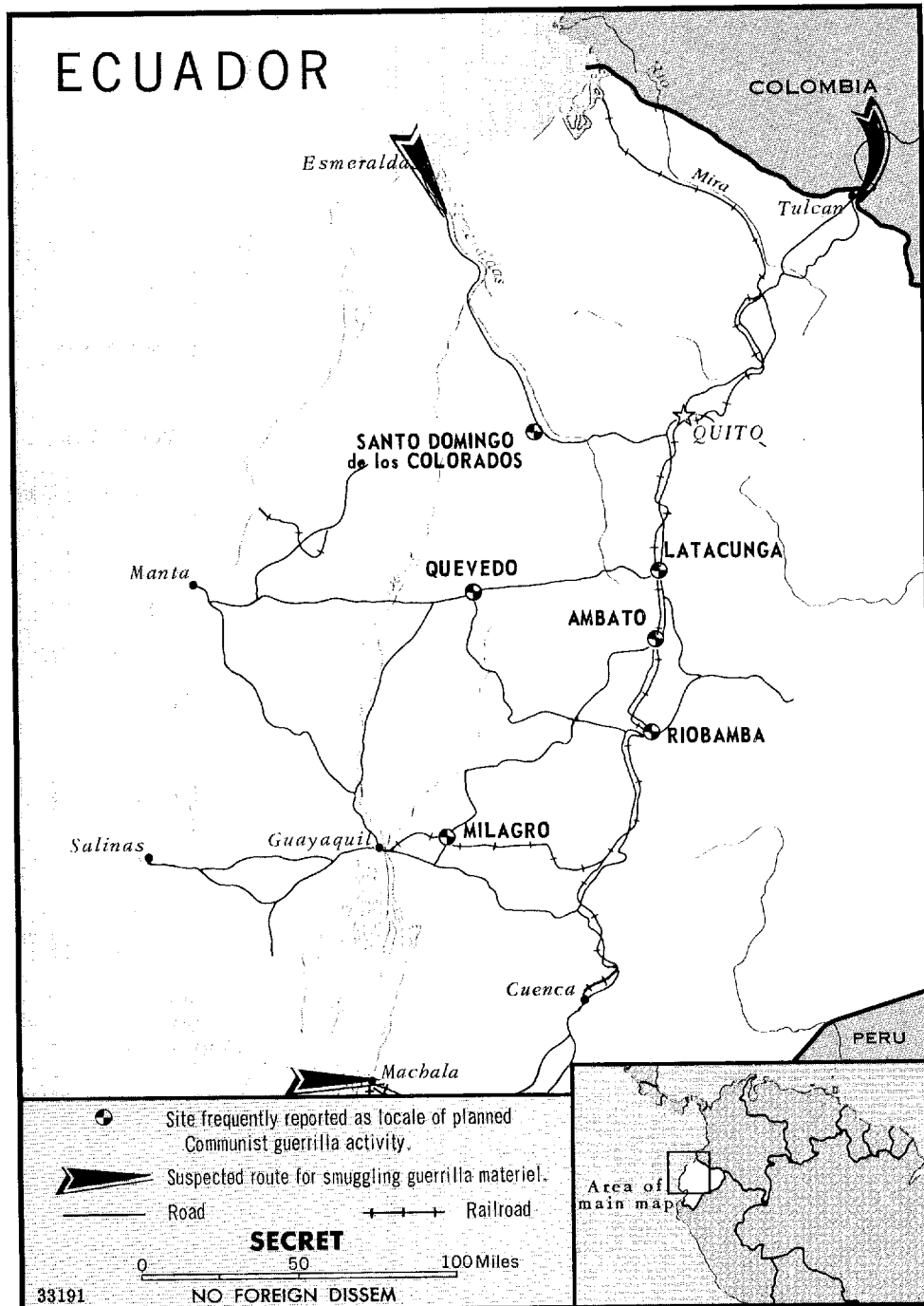
The Problem of Insurgency

There are three major revolutionary groups in Ecuador: the Ecuadorean Communist Party (PCE), the Revolutionary Union of Ecuadorean Youth (URJE), and the Popular Action Movement (MAP). Rivalry among these groups and the reluctance of the PCE to engage in guerrilla action have heretofore prevented unity of action. The groups now appear, however, to have settled some of their differences and reportedly have agreed to coordinate their guerrilla activities in several parts of the country.

Up to a few weeks ago, the URJE was the staunchest advocate of guerrilla action. In February the group expelled several of its leaders for allegedly misappropriating party funds, and since then has lost most of its cohesion. Its

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remnants seem to have come under control of the PCE. The PCE, in turn, reportedly is about to reverse its policy of opposing guerrilla-type actions and hopes to use the URJE remnants as the nucleus of a guerrilla force.

The MAP, led by Manuel Araujo Hidalgo, is allegedly financed to some extent by Communist China, and Araujo is reported to have received a promise of aid by Castro when he visited Cuba early in 1962. Several insurgent leaders who

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are proponents of guerrilla warfare are on trips at present to China, Cuba, and several European Communist countries, ostensibly for May Day celebrations. There is a feeling in Quito, however, that their travels are related to formulation of plans for revolutionary action in Ecuador. At least one source speculates that these plans may be subjected to final appraisal by bloc or Cuban leaders, and possibly coordinated with plans for revolutionary activity elsewhere in Latin America.

The Ecuadorean Government's efforts to suppress Communist activity in the past have been, at best, halfhearted. The present regime, itself infiltrated to some extent by Communists, is apprehensive but passive. The security services, which are staunchly anti-Communist and constitute the only effective opposition to insurgency, have been unable to act vigorously for lack of either encouragement or direction from the government.

Possible Political Successors

If by some unforeseen shift in circumstances, Vice President Varea should be lifted to the presidency, his administration probably would not significantly change the present Ecuadorean-US relationship. Foreign policy in general, now tinged by Arosemena's "calculated neutralism," probably would assume a more

pro-Western aspect. Domestically, Varea's regime would probably pay lip service to the principles behind the Alliance for Progress projects, but could not be expected to execute any effective reforms. A Varea government, however, would probably show interest in strengthening the military and security forces along lines recommended by US advisers.

Conservative Party leader Jaime Acosta would, as president of the Chamber of Deputies, be the constitutional successor to the presidency if both Arosemena and Varea left office. Under Acosta, long-term government policies would not be likely to change much from what they are now, although they might be carried out somewhat more vigorously.

Either Varea or Acosta might be able to shake the



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VAREA

government out of some of its lethargy and restore some degree of stability. The return of Velasco, however, would be a disaster. The former president fled the country to escape a lynch mob incited against him by Arosemena, and now is in Buenos Aires periodically threatening to reclaim the presidency which he says he never resigned. His return would probably not be tolerated by any responsible group, and his support would come only from those who benefited from the corruption in his administration. He would probably resume the demagogic, anti-US tactics which characterized his most recent term. He might also make a deal for leftist support under which he would permit them to operate without hindrance.

Chance of Military Take-over

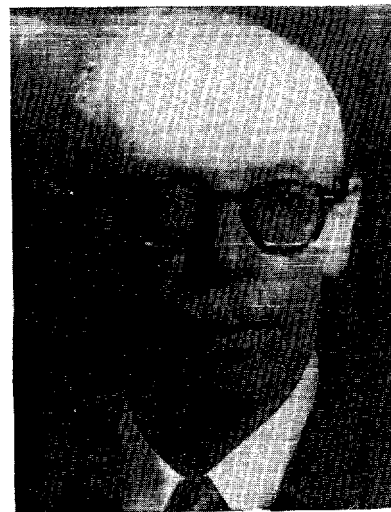
Under the circumstances, a military coup appears to be

the most likely means of ousting Arosemena. [REDACTED]

[REDACTED] 18 April that an organization under his leadership had contemplated a coup attempt on 21 April, but had postponed it until better plans could be laid. [REDACTED]

feared, however, that other anti-Arosemena groups are determined to make the attempt in the near future. 25X1

[REDACTED] probably was referring to a much more powerful group within the army led by Colonel Aurelio Naranjo, the commander of the Third Military Zone, with headquarters in Cuenca. Naranjo was the leader of the military group which in April 1962 forced Arosemena to break diplomatic relations with Cuba--as well as with Czechoslovakia and Poland. He is popular with his command 25X1



VELASCO

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and with the citizens of Cuenca, and has influential contacts through Ecuador's military organization. He is vigorously anti-Communist and generally pro-US. His group probably could bring off a successful coup, providing there were no opposition by the air force. A military junta probably would be tolerated by the majority of the people as the least offensive solution to an embarrassing problem, particularly if the junta offered adequate assurances of prompt return to constitutional procedures and civilian government.

A military junta would be more pro-US than any other successor to the Arosemena administration, probably because it would feel less need to temporize to avoid displeasing the voters. Economic and social reforms would probably have a better start under military rule than in the hands of civilian politicians, and probably with less graft.

Leftist Reaction

The leftists' reaction would be the same regardless of who succeeded Arosemena. They would try to exploit any public confusion a switch in government might generate, possibly through strikes, demonstrations, and disorders. There seem to be no long-term benefits to the



NARANJO

left under any of the possible successors to Arosemena, and even those which might accrue under Velasco would be only short term. Varea and Acosta would be unlikely to tolerate Communist-inspired trouble and probably would take repressive action immediately should it break out.

A military government would probably put down vigorously any leftist effort to disturb public order. The military leaders are anti-Communist. Some minor Communist infiltration of the armed forces and the police has been reported, but top commanders have stated they are aware of it and can eradicate it. (SECRET NO FOREIGN DISSEM)

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